



Environmental Services Division
Land Quality Bureau

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Strengthening Dollar, Declining Demand Bring Crude Prices Down

After reaching a record high price of \$111.80 a barrel on March 17th, crude oil prices fell through March 20th on news that the dollar was strengthening and demand was declining. The March 20th price of West Texas Cushing Sweet Crude Oil was at \$102.79 per barrel, up slightly from February's price of \$102.60 and 78.8 percent higher than the March 2007 price of \$57.37.

"Speculation on commodities valued in U.S. dollars, including crude oil, lessened on news that the value of the dollar rose after the latest interest rate cuts by the Federal Reserve," said Jim Bodensteiner, an Iowa Department of Natural Resources Program Planner. "Reduced speculation on crude, along with Department of Energy news that inventories are up and U.S. demand is down, means that crude prices should continue to decline, at least in the short term."

March gasoline prices in Iowa are averaging \$3.13 per gallon of 10 percent ethanol blended mid-grade gasoline, a 3.6 percent increase from February's average price of \$3.02 per gallon and a 26.7 percent increase from the March 2007 price of \$2.47 price per gallon of the same blend.

The March 15th average price for diesel in Iowa was \$3.94 per gallon, \$0.36 higher than February's price and up 44.9 percent from the March 2007 price of \$2.72. Nationally, diesel fuel hit a record high \$4.03.3 per gallon March 20, up 12.7 percent from February's \$3.58 per gallon.

On March 20th, natural gas was trading at \$9.22/MMBtu, down \$0.18/MMBtu from last month and \$1.70 higher than one year ago, a 22.6 percent increase. The EIA reports that working natural gas in storage was 1,484 Bcf as of February 29, 2008, 63 Bcf above the 5-year average from 2003 to 2007 and 169 Bcf below the level during the corresponding week last year.

A survey completed by the Iowa Department of Natural Resources on March 17, 2008, indicated that the average retail price of heating oil in Iowa was \$3.54 per gallon, \$0.47 higher than last month, and \$1.29 higher than the price of heating oil at this time last year, a 57.3 percent increase. The same survey found that propane is selling in Iowa for an average of \$2.11 per gallon across the state, \$0.16 higher than a month ago, and \$0.62 higher than the price at this time last year, a 41.6 percent increase.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	3/15/08	2/28/08	Difference
Ames	\$3.10	\$2.99	+\$0.11
Cedar Rapids	\$3.13	\$3.06	+\$0.07
Council Bluffs	\$3.08	\$2.99	+\$0.09
Davenport	\$3.13	\$3.05	+\$0.08
Des Moines	\$3.10	\$2.97	+\$0.13
Dubuque	\$3.16	\$3.02	+\$0.14
Fort Dodge	\$3.10	\$3.00	+\$0.10
Iowa City	\$3.27	\$3.11	+\$0.16
Sioux City	\$3.16	\$3.01	+\$0.15
Waterloo	\$3.10	\$3.02	+\$0.08
Webster City	\$3.13	\$3.04	+\$0.09
Average Metro Price	\$3.13	\$3.02	+\$0.11

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	3/15/08	2/28/08	Difference
Regular Unleaded with 10% Ethanol	\$3.13	\$3.02	+\$0.11
Regular Unleaded	\$3.22	\$3.10	+\$0.12
Premium Unleaded	\$3.28	\$3.19	+\$0.09
Diesel	\$3.94	\$3.58	+\$0.36

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	3/20/08	2/29/08	Difference
Natural Gas	9.22/MMbtu	9.40/MMbtu	-\$0.18/MMbtu

Source: Wall Street Journal

Heating Fuel Type	3/17/08	2/18/08	Difference
Propane	\$2.11	\$1.95	+\$0.16
#2 Heating Oil	\$3.54	\$3.07	+\$0.47

Source: Iowa Department of Natural Resources